

Message Text

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PAGE 01 ABIDJA 07122 311143Z

47

ACTION EB-07

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 IO-13 ISO-00 L-03

FRB-03 OMB-01 ITC-01 SP-02 USIA-06 AGR-05 AID-05

CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01

STR-04 TRSE-00 CIEP-01 CEA-01 /100 W

----- 089057

R 301647Z JUL 76

FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC 9541

INFO AMEMBASSY BOGOTA

AMEMBASSY BONN

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY GUATEMALA

AMEMBASSY KINGSTON

AMEMBASSY LONDON

AMEMBASSY MANAGUA

AMEMBASSY MANILA

AMEMBASSY MEXICO

AMEMBASSY MONROVIA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

AMEMBASSY TOKYO

AMEMBASSY YAOUNDE

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DEPT PASS USDA/MONROVIA FOR AGATT

E.O. 11652: N/A

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PAGE 02 ABIDJA 07122 311143Z

TAGS: FAO,OCON, EPEP, IV

SUBJ: FAO INTERGOVERNMENTAL GROUP ON BANANAS,
ROME JULY MEETING

REF: ROME 11176 (NOTAL)

1. EMBASSY ABIDJAN HIGHLY INTERESTED IN POSITION IVORY COAST TOOK DURING SUBJECT MEETING AS REPORTED REFTEL. CURRENT IVORY COAST POSITION ON BANANAS SHOWS LOGICAL DEVELOPMENT FROM POSITION COUNTRY TOOK ON BANANA EXPORT POLICY AT LAST YEAR'S ABIDJAN MEETING OF FAO GROUP.

2. EMBOFF JUST OBTAINED STATISTICS INDICATING 1975/76 SEASON IVORIAN BANANA PRODUCTION HAS GREATLY SUFFERED FROM EFFECTS OF UNUSUALLY HEAVY AND LONG RAINS DURING MAY AND JUNE WHICH SUBMERGED 1,000 HAS. OF BANANA PLANTATIONS UNDER WATER. CONSEQUENTLY, EXPORTS ARE EXPECTED TO DROP FROM ANTICIPATED 120,000 M.T. TO 90,000 M.T. THIS YEAR.

3. IVORY COAST IS AIMING AT ANNUAL EXPORTS OF 160,000 TO 175,000 M.T. OF BANANAS. HOWEVER, PROBLEM OF SHORTAGE OF RURAL LABORERS TO HARVEST BANANAS CONTINUES TO MAKE TARGET ELUSIVE.

4. EMBASSY BELIEVES GENERAL LOW PRODUCTIVITY IN BANANA SECTOR AND SLACK IN OUTPUT OVER LAST TWO YEARS MAY HAVE CONTRIBUTED TO IVORIAN POLICY NOT TO SUPPORT QUOTA APPROACH ON BANANA EXPORTS AT RECENT FAO GROUP MEETING. THIS WOULD BE PARTICULARLY TRUE IF QUOTA SYSTEM SUGGESTED WAS TO HAVE BEEN BASED ON CURRENT OR RECENT YEAR EXPORTS.

5. WHILE IVORY COAST VIGOROUSLY ATTEMPTING TO DIVERSIFY AGRICULTURAL BASE, BANANAS REMAIN IMPORTANT EXPORT PRODUCT, ALBEIT ONE FOR WHICH IVORY COAST FACES MUCH MARKET COMPETITION AND AN AREA IN WHICH IVORY COAST PRODUCERS HAVE LITTLE PRICE FLEXIBILITY TO MANEUVER.

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PAGE 03 ABIDJA 07122 311143Z

6. FYI. DURING LAST YEAR'S ABIDJAN MEETING EMBOFF LEARNED THAT COST OF PRODUCING GIVEN QUANTITY OF BANANAS IN IVORY COAST IS ALMOST DOUBLE THAT OF CENTRAL AMERICAN BANANA PRODUCING COUNTRIES. END FYI.

7. COMMENT. IVORY COAST HAS LONG HISTORY OF PREFERENTIAL MARKET TREATMENT IN EC FOR ITS AGRICULTURAL PRODUCTS. EMBASSY BELIEVES THIS HAS LED IVORY COAST

TO BE LESS CONCERNED WITH WORLD MARKET TRENDS IN SUPPLY OF MANY OF THESE PRODUCTS AND HAS LENT FALSE SENSE OF SECURITY WHICH HAS PERPETUATED LOW PRODUCTIVITY AND CERTAINLY NOT ENCOURAGED ECONOMIES IN PRODUCTION. INTERNAL MARKET PRICE FOR MOST AGRICULTURAL PRODUCTS PRODUCED IN IVORY COAST OFTEN SLIGHTLY ABOVE WORLD MARKET PRICES FOR THOSE PRODUCTS AND CERTAINLY WELL ABOVE PRICES PREVAILING IN NEIGHBORING AFRICAN COUNTRIES FOR SAME PRODUCTS. IVORY COAST OFFICIAL POSITION HAS BEEN TO CONTINUE TO SEEK PREFERENTIAL MARKET TREATMENT, ESPECIALLY IN EC COUNTRIES, WHILE MAINTAINING INTERNAL PRICE STRUCTURE AT HIGH LEVEL TO ENCOURAGE PRODUCTION, EXPORTING ONLY WHEN WORLD MARKET PRICE RISES ABOVE PRICE GUARANTEED TO IVORIAN FARMERS. ALTHOUGH THIS IS RISKY POLICY IN TRADING PERISHABLE AGRICULTURAL COMMODITIES, GOIC HAS APPLIED THIS MODEL WITH EQUAL SUCCESS IN TRADING COFFEE AND COCOA. THROUGH CLEVER COMMODITY TRADING IVORY COAST HAS BUILT ONE OF THE STRONGEST POST-INDEPENDENCE ECONOMIES IN WEST AFRICA. GIVEN IVORY COAST'S SUCCESS WITH THIS POLICY, IT IS NOT DIFFICULT TO UNDERSTAND WHY THERE WAS A STANDOFF BETWEEN PREFERENTIAL CARIBBEAN AND AFRICAN PRODUCERS ON THE ONE HAND AND UPEB COUNTRIES AND ECUADOR ON THE OTHER DURING ROME MEETING. ALSO, IT CAN BE ASSUMED THAT IVORY COAST WILL NOT READILY ABANDON ITS ATTEMPT TO SECURE PREFERENTIAL MARKETS IN IMMEDIATE FUTURE. END COMMENT.
SMITH

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